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FINANCIAL STATEMENT

OF THE

(Sir)
HON. GEO. W. ROSS,

TREASURER OF THE PROVINCE OF ONTARIO

Delivered on the 22nd January, 1902,

IN THE

LEGISLATIVE ASSEMBLY OF ONTARIO,

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY



TORONTO

PRINTED AND PUBLISHED BY L. K. CAMERON,

Printer to the King's Most Excellent Majesty.

1902.

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FINANCIAL STATEMENT

OF

HON GEO. W. ROSS,

PREMIER AND PROVINCIAL TREASURER.



LEGISLATIVE ASSEMBLY, TORONTO,

Wednesday, 22nd January, 1902.

Hon. Geo. W. Ross, in moving the House into Committee of Supply, said :—

MR. SPEAKER :—For the third time in my experience as Treasurer I am called upon to make a statement of the finances of the Province, to show how the Government has disposed of the moneys placed at our disposal last session, and how we propose to find money to carry on the business of the Province for the current year, and also to submit a statement of the amount of money which, in our opinion, is necessary for the public service, using the words of his Honor, “as far as is consistent with efficiency and the growing wants of the Province.” It has been, within the last half century at all events, the policy of the Governments of all countries to aid in the development of the natural resources of the countries which they respectively represent, to foster the industries which occupy the attention of their citizens, and generally to promote trade and commerce, and by that means add to the wealth and power of the nation. For many, many years the policy adopted by Great Britain to this end was an open-door policy ; in fact, it is the policy of Great Britain at the present moment to a great extent, to let British commerce take care of itself, excepting in so far as it may

be necessary to protect it by her navy : to allow her industries to flourish according to the principle of demand and supply. To a very small degree, and except in a few instances, does the British nation concern itself directly with any tariff, or impost, or subsidy which, in the opinion of modern economists, seems to be necessary for the development of trade. It was on this continent largely that the idea of fostering trade by a direct intervention of the Government, grew up ; and perhaps it is on this continent that it has as strong a hold as it has in any part of the world. The American Government sixty or seventy years ago entered upon a policy of fostering its industries by protection. Germany, France, Italy, Russia, and latterly the Australian Commonwealth has followed in the footsteps of the United States. The purpose in every case, whether wisely or unwisely, whether according to the principles of Adam Smith, or the protectionistschool, was to add to the wealth of the nation and to develop its raw material, and to increase its resources. The same object has been aimed at in various other ways. Railways have been built by subvention in land and money, for the development of the latent resources of the country. The States of the Union, including the Federal Government, have given nearly one hundred million acres of land for that purpose, as well as large cash subsidies. The Dominion Government did so for the Canadian Pacific Railway, and no doubt that road would never have been built unless so aided. (Opposition members—Hear, hear.) We have done so in Ontario, and the other Provinces of the Dominion have followed our example. Bounties have been given for the development of special industries in France and in Germany ; bounties by the Dominion Government for the development of iron and steel ; bounties by the Ontario Government for the development of our iron industry, and latterly the proposed bounty for the encouragement of the beet-root sugar industry.

The object of my argument is to show that it seems to be admitted all round that a Government in modern times has something more to do than merely discharge administrative

functions. It has to be the pioneer, if possible, at all events the foster parent, of manufactures and commerce. It has, if possible, to devise ways and means by which the material wealth of the people it represents for the time being may be promoted. It is supposed to stand upon the financial watch-tower, as well as upon the administrative watch-tower, and wherever any great industry lies dormant which the wealth and means at the disposal of the Government can awaken, or where any great enterprise can be encouraged for which private capital is insufficient, it seems to be the rule in modern times for nearly every Government to put its hand to these varied means of enriching a nation; and, wisely or unwisely, for good or for evil, tax the whole people, in order that the whole people may be wealthy. I do not criticize this policy. I merely mention it to bring me to the standpoint at which I wish the House for a few moments to consider the position in which the Liberal party found itself in 1871.

We were then entering upon our career as a party, and if we followed what appeared to be the trend of opinion in the country, and what appeared to be the feeling in the atmosphere,—in the atmosphere with which all Governments surround themselves,—we were bound to apply ourselves to the development of the resources of the country. It would be an easy thing for a Government to say: “Give us so much money and we will administer the affairs of the country, see that officers are appointed for the various duties, see that checks are issued for salaries”—that would be an easy duty. It is another matter for a Government to assume the responsibility of leading the nation, or leading and educating the people to apply their minds to the development of industry, and to the fostering of manufactures or to the development of latent resources, or to any other purpose which may be of more immediate advantage to one or more sections of the country than to the whole country. I think the modern view, although it imposed great responsibility upon the Government, is the one we were bound to accept. And I am proud to be able to say that in the Province of Ontario, as well as at Ottawa—we have addressed ourselves to

the solution, or rather to the discharge, of that duty. In fact, I do not know but the Dominion Government, the Conservative Government at Ottawa years ago, realized more quickly than perhaps some of us did—(Opposition members—Hear, hear)—what seemed to be the direction—of universal opinion, I was going to say—or rather the direction of all civilized Governments at that time, and, realizing that view, they struck out a course which in many respects has been followed since, and has been accepted by some other countries since that time.

What was our position in 1871? The revenue of Ontario was somewhat limited. Our entire income in that year was \$2,659,746.69—a very small amount of money to begin housekeeping with. The fathers of Confederation were very economical. They paid us 80 cents a head—not sufficient for such an expensive family as we have had to take care of. They thought we could find more money of our own. It was fortunate we had money to draw upon; if not money we had resources.

This income in 1871 was made up of about \$1,000,000 in subsidy from the Dominion, or, to be exact, \$1,055,466. The remainder we found for ourselves. In examining the sources of our income in 1871 you will see how necessary it was that the Government should first set out to improve its income in order to supply itself with sufficient funds to discharge its obligations in the direction I have indicated. Expensive works could not be undertaken without reasonable certainty that there would be sufficient money to pay for them. We had a revenue in that year of \$625,602.14, derived from Crown Lands; from woods and forests, \$215,973.38; from interest on investments, \$148,703.60, and various minor items, making up the sum I have already stated, namely, \$2,659,746.69. In fact if you leave out the abnormal income from Crown Lands in that year there scarcely remained two and a quarter millions to set out upon the task of so directing public energies as to push Ontario to the front. I have said that it was felt to be the first duty of the Government to increase the revenue of the Province, and if it had failed in securing, from proper sources, an increase of revenue, you can

readily understand, without any lengthy explanation from me, what our position would be to-day. There would have been stagnation ; fewer public buildings and railways would have been erected and built ; there is nothing of which we boast to-day as giving the most conclusive proof that we are the first Province of the Dominion which would not have been cut down. It was quite evident that the Government could not expect an increase from Crown lands. It is a cardinal principle, to be followed as closely as circumstances allow, that the land should go to the settlers, if not actually free, then at the lowest possible figure consistent with due regard to the public interests. (Ministerial applause.) It was believed that the revenue of over \$600,000 from Crown lands in 1871 was a revenue which could not be sustained. Subsequent events have showed that it was not a revenue we could expect to receive in future years, because the Crown lands from which that revenue was derived were disposed of, and the newer lands upon the markets were in many cases free-grant lands. From Crown lands we have received since Confederation \$7,309,344.21, and if from that we take the refunds, the sums repaid to the Land Improvement Funds, and the Clergy Fund, and the Crown lands refunds, and our obligations to the Trust funds held by the Dominion for the benefit of Ontario and Quebec, and the cost of surveys, it will be found to have yielded \$1,203,320.45 for general use. If the policy of the Government was sound, and I believe it was, to give the land to the settlers—(applause)—it was evident that no revenue could be derived from that source that would implement the wants of the Province. The next source of revenue, and it was a minor one in 1871, was the tax upon liquor licenses. The revenue from that source in the year mentioned was \$58,558.55. It is admitted that the liquor traffic all the world over is a legitimate subject for the attack of the Finance Minister, or the Chancellor of the Exchequer, or whatever name he may take. England derives nearly 40 per cent. of her entire revenue from the liquor trade, and it was only just, therefore, that in 1871 the small revenue from this source should be the subject for consideration, and it was. Gradually

the fees on liquor licenses were increased from year to year, until last year they yielded \$315,481.18, and that is omitting \$60,891.65 received from brewers and distillers, making a grand total of \$376,372.83. (Ministerial applause.) Now I have not heard in any quarter any complaint as to the imposition of this tax. It is considered, as I have said before, a proper and legitimate tax. But I have heard it said, sometimes in this House, too, that in imposing this tax on the liquor trade, and taking control of the trade, as we did in 1876, that we are robbing the municipalities of a very fruitful source of income. I have examined into that charge, and find that it works out something like this: we have received from liquor licenses since 1876, \$11,517,021.55, of which the municipalities have got \$6,166,848.63—(Ministerial applause)—and the Government \$5,440,172.92. That is to say that the municipalities are to-day in a much better position in this regard than they were before the Act of 1876 was passed—(renewed Ministerial applause)—and that they have actually received more revenue by the legislation of that year, and successive years, than under the old system. (Long continued applause.) That, of course, settles the question of robbing the municipalities. Moreover, I may say that the law is such that if the municipalities are not satisfied with the revenue they now receive from liquor licenses they may increase the fees for licenses to a considerable extent. The fact that they do not do so shows that they are satisfied with the revenue received from that quarter. (Applause.) We, therefore, find that since 1871 we have been able to derive a very considerable revenue, and a very proper one, from this source; a revenue which pays about one-third of the expenses of the maintenance of our public institutions, one-third the cost of education, and a little more than one-half of the cost of the administration of justice. (Applause.) So that you will see that the revenue from that source helped our financial position materially. Our next source of revenue was Woods and Forests. The receipts in 1871 from this source was \$215,973.28, a very small amount. That has gone on steadily increasing from various causes, until last year it

reached \$1,479,847.35. We have received in all from Woods and Forests since Confederation \$27,720,965.75. (Applause.) This is a very large and a very important item of our revenue. In fact it is nearly one-fourth of the entire revenue of the Province of Ontario since Confederation, nearly one-half of the whole revenue which the people of Ontario themselves have contributed from private sources, and therefore entirely independent of the Dominion. Now the question may arise here whether our policy in regard to Woods and Forests is in the best interests of the country. Of course there has been considerable discussion in regard to our mode of disposing of this very important industry, and we are sometimes told by hon, gentlemen opposite, and we sometimes see in the columns of Toronto papers unfriendly to the Government, that we are wasting our capital in thus spending from year to year the revenue received from this source. It is held by some people, by some journalists and others, that the revenue from Woods and Forests should be invested, and only the interest used, and I have heard an hon. member of this House say it would be wise on the part of the Government to dispose of the entire forest area of the Province, and invest the proceeds for the purpose of a permanent revenue. I do not agree with that view, that it should be treated as capital and invested, the interest only to be used. The Dominion Government, the Government of every Province of the Dominion, use their revenues from this source as ordinary revenue, to be expended from time to time, as other ordinary expenditures for the purposes of government. (Ministerial applause.)

Rightly or wrongly, we have precedent on our side. This revenue is treated in a similar way by the Governments of the various States of the Union, by the Government of Germany, which receives a considerable revenue from Woods and Forests: Norway and Sweden, and other countries. There is no precedent at all for treating revenue from Woods and Forests as capital in the way I have indicated. We are told that in disposing of our timber land, as we are obliged to do, we are wasting our capital. I refuse to admit the soundness of that conten-

tion. We are not wasting capital; we are merely transferring one form of capital, if you choose to take it as such, into another form. For instance, we have expended on buildings and public works since 1867, \$11,249,778.29. Everybody will admit that buildings and public works are properly capital account, and do so appear in our estimates. We have subsidized railways in cash to the extent of \$8,304,901.12, and a subsidy for a railway is an expenditure on capital account. On colonization and mining roads we have spent \$3,528,339.18; on surveys, \$3,591,352.45, and surveys are as much part of capital account as the architect's fee in building a house. We have spent on rivers, lakes and bridges, \$1,160,620.12. Now, we have expended on all these various items of capital account to which I have called attention the sum of \$27,834,991.16 and we have received from Woods and Forests \$27,726,965.75, or \$114,625.41 less than we have expended on capital account. (Ministerial cheers.) There is a complete answer there to the objection that we are wasting the capital of the Province in using the receipts from Woods and Forests as they have been used. In taking the ground which is taken by our critics in this respect we have an answer for them on their own ground. We have the capital—if you insist that it is capital—but in another form; in the form of public utilities. A pine forest is no good for practical purposes as it stands. It will not house the insane, or provide comforts for the inmates of hospitals and charities, nor meet the demand for schools and colleges. But if we take that which you call capital and transpose or transmute it into public buildings, hospitals, lock-ups and such other institutions as are necessary in this progressive age, then you have your woods and forests in a position in which they contribute to the comfort and happiness of the people, and that is the true use to make of all wealth. In collecting all this revenue from woods and forests care has been taken by the Government, from time to time, to increase the amount, and to see that for years to come this department shall continue to be a source of revenue. For instance, in 1887 the dues on lumber were raised from 75 cents to a dollar per thousand. That seems

a small difference, but it yielded us \$2,318,229.73. In 1892 the dues were raised from \$1 to \$1.25, where they remain. That slight increase has already yielded us \$112,815.58. The ground rent was increased in 1887 from \$2 to \$3, which has yielded \$240,615. Then we increased the dues on square timber, from which we have received an additional income of \$260,473.59. Now these slight increases, by watching the condition of the market, and by studying the interests of this great industry, we have added since 1887 the sum of \$2,932,133.90 to the revenue.

Then it cannot be said that, although we from time to time put upon the market timber land for sale by auction, that these sales have resulted in a waste of the public domain, nor that it has resulted in so loading the market with lumber as to interfere with any public interest. I have a statement which shows the average receipts in bonus from the various sales since 1867. For instance, in the Sandfield Macdonald Administration 635 square miles were sold, for an average bonus of \$260 a square mile. Omitting the Blake sale of 1872 covering 5,031 square miles which yielded only \$117 per square mile, there have been sold in the last thirty years 5,152 square miles, which yielded a bonus of \$1,324 per square mile on the average, or five times as much per square mile as was received during the Sandfield Macdonald Administration—(Ministerial applause)—and recent sales maintain that average. On September 17, 1901, 399 square miles were sold at an average bonus of \$1,835 per square mile. The care taken by the Government in placing this land upon the market at the proper time has enabled us to realize from the sale by bonuses alone \$6,823,127. Therefore, there can be no ground of complaint that the public patrimony has been wasted, that this ordinary source of revenue has not been profitably used. If we chose to make comparison with the Province of Quebec, we would find that between 1873 and 1890 that Province sold 6,235 square miles of timber land, which yielded an average of \$62 per square mile as against \$1,835 per square mile realized by the Government of Ontario in September last. (Ministerial cheers.)

Then the policy adopted of compelling the manufacture of logs in the Province of Ontario has also resulted very satisfactorily. (Ministerial applause.)

Mr. Whitney — Hear, hear.

The PREMIER : My hon. friend applauds that policy as if he were the inventor of it, or as if he deserved credit for its introduction. I am afraid the facts are against my hon. friend. (Ministerial applause.) The earliest date given by my hon. friend the leader of the Opposition, according to his speech in Victoria Hall, as to the suggestion coming from that side of the House, was his reference to a speech delivered on the subject by Mr. Meredith in 1888 or 1885, I do not remember which. But we have the record of a much earlier statement than that delivered by an hon. gentleman who sat on this side of the House—(Ministerial applause)—and who suggested the very policy suggested by Mr. Meredith twenty years after, and adopted by us in 1890. (Renewed applause.) It was recommended by an hon. gentleman, Mr. Christie, who sat for N. Wentworth in this House, and who subsequently became Inspector of Asylums. That record of 1868 says : “ Mr. Christie moved the appointment of a select committee, composed of Messrs. Richards, McDougall, Paxton, Hooper, Cockburn and the mover, to consider the advisability of memorializing the Dominion Government to impose a duty on sawlogs, shingle bolts and stave bolts manufactured in this Province and exported from the Dominion.” His advice to the House by the terms of this proposal, which was referred to a committee, was to have the export of logs prevented, or some such regulation which would retain for the Province of Ontario the manufacture of its sawlogs. (Prolonged Ministerial applause.) That is the earliest recorded action as to the idea of the manufacture of sawlogs in the Province. (Applause.) But without waiting now to argue as to the paternity of this very important proposition, I would call the attention of the House to the excellent results that have flowed from the action of the Government in putting it into effect. It may be that hon. gentlemen opposite will still claim that they have

forced our hands in this respect, and that whatever benefits have resulted they will claim to be the result of their wisdom and foresight. I will not quarrel with them in this matter. It is not, for the Province as a whole, a question of real importance or interest as to whether this or that side of the House suggests measures of great public importance. It is the duty of every member of the House, no matter on which side he sits, to give his best thoughts to the public he serves. (Ministerial applause.) If now and again we can get a good idea from the hon. gentlemen opposite, crystallize it and make it useful, they should rejoice that the Government is so progressive and so alive to the best interests of the country as to take up those ideas, promote them, and advance them to the welfare of the whole country. (Renewed applause.) As a result of this policy there have been established new sawmills on the east shore of the Georgian Bay and the northern country, involving an expenditure of \$849,400, and employing 1,218 men, and cutting annually 212,250,000 feet of lumber, board measure. (Ministerial applause.) Old mills have been refitted at a cost of \$181,500, employing 1,105 men and having an annual cut of 147,500,000 feet. (Renewed applause.) So that in all, as a direct result of this policy, \$1,030,900 have been invested in the sawmilling industries of the Province, employment given to 2,323 men for the greater part of the year, many of whom formerly found employment in the United States, and the annual cut is 359,750,000 feet, board measure. (Prolonged applause.) Whoever has the right to, or whoever deserves the credit of suggesting that our logs should be manufactured in this country, both sides of the House will agree that the most satisfactory results have flowed from the policy which this Government has adopted; and both sides will also feel satisfaction that the men formerly employed in the United States now find employment within the Province of Ontario. (Ministerial applause.)

Our policy was not to get as much revenue as possible from the forest reserves, nor simply to see that our Woods and Forests yielded employment to our own people, but the Govern-

ment felt it to be its duty to conserve this great forest wealth, so that our children might share in the wealth and, to a certain extent, the privileges which we now enjoy. If we drop this source of revenue from the receipts of the Province we would drop one-quarter of our entire revenue. To lose that would mean the utter loss of the money invested in the enterprises I have mentioned, and would force us to seek revenue in some other quarter which perhaps would bear more heavily on the people than it now does. We have endeavored, therefore, to secure, as far as practicable, the preservation of forest reserves where young pine will grow to maturity in 30, 40 or 50 years, and prove a source of revenue to coming generations. A reserve of 80,000 acres has been set apart in the Counties of Addington and Frontenac ; another on the north shore of Lake Superior, 40 miles east of Port Arthur, with an area of 45,000 acres ; another comprising the region surrounding Lake Temagami, consisting of about 1,400,000 acres, and embracing the largest tract of white pine in New Ontario. These, with Algonquin Park, comprise about 2,500,000 acres—(Ministerial applause)—which as far as can be, are protected from the axe of the woodman and the ravages of fire. We are storing up for our successors in office and our children a legacy which nature has placed at our disposal with a generous hand, and which has been to the Parliament of Canada, and to the Government of this Province and the Governments of all the Provinces, a source of great wealth and revenue. (Applause.) That disposes of our position in regard to this question ; we wanted more revenue and we got it.

I come now to deal with two or three minor sources of revenue which indicate as much as the major ones referred to the foresight of the Government. Gladstone, years ago, laid down the rule that small savings were as important to a Finance Minister as wise expenditures. The gathering in of money from proper sources not felt by those who pay the money, or from legitimate objects of taxation, is as much the duty of the Government as to expend the money wisely. (Ministerial applause.). Take, for instance, our casual revenues ; the odds and ends. They

yielded in 1871 \$23,567.20. That same form of taxation yielded last year \$180,812.16. Now, this revenue was made up of a variety of small items. Law stamps since Confederation have yielded \$2,378,492.58. We have received from charter fees—from the fees of companies incorporated by Provincial charter—\$428,115.40. This was a source of revenue which practically did not exist at all in 1871. It had a petty existence that amounted to nothing in Sandfield Macdonald's time. Now, from these fees, collected from corporations to which we are supposed by hon. gentlemen opposite to be particularly friendly, we have received an increase of revenue since the adjustment of charter fees in 1871 of \$359,640. I mention this as one source of a trickling stream, a source which in thirty years has yielded nearly half a million dollars.

Hon. gentlemen will remember the change in the law requiring County Crown Attorneys, County Registrars, Sheriffs, Division Court Clerks and officers of that description to pay a very small tax in each case where their tolerably comfortable incomes exceeded a certain sum. We have received from this source over a quarter of a million—\$267,834.55. We have received from private bills \$141,217.15; from fines and forfeitures, \$139,036.91; from insurance companies, \$217,564.42; from loan companies, \$48,638.30; from game licenses, \$62,616.17. I call them trickling streams, and yet they yielded \$3,683,515.48; and yet if it were not for those three millions I am afraid we would have no surplus, although I suppose I will be told there is no surplus. This amount is almost equal to our expenditure for an entire year, and it would go a good way towards the subvention of our great public utilities, and had we not had the foresight of our predecessors in looking after these minor sources we would not have had this comfortable sum.

I now come to a larger source of revenue, the succession duties imposed about seven or eight years ago; and hon. gentlemen will not consider me speaking harshly when I say that in imposing succession duties, or in endeavoring to perfect the law

imposing them, we received a good deal of opposition from hon. gentlemen opposite. And yet since 1892 we have received from that source \$1,839,602.40, the revenue last year being \$366,581.96, or actually \$1,000 a day coming to the Ontario Treasury from succession duties. And where is the man who has complained of these succession duties, affecting, as they often do, legatees to whom are left hundreds, thousands and millions of dollars? Ninety per cent. of the duties comes from wealth that passes into alien hands, while only 10 per cent. comes from wealth that follows the blood or the natural heirs of the testator. It is a very gratifying source of revenue, and I want to point out to my hon. friend from Lanark (Mr. Matheson) that a large portion of that revenue would have been lost to this House and to the country if we had acted upon the advice of my hon. friend. I think that it was in 1896 that he moved an amendment to the Succession Duties Act by which the duties would have been cut down nearly one-half. Since the date of that motion we have received \$1,397,487. If the motion of my hon. friend had prevailed we would have lost \$843,674.63. This is the penalty the House would have paid, and the country would have paid, had we acted upon the advice of my hon. friend, (Applause.) It is a somewhat serious matter, and it brings into contrast the policy of the two parties. The policy of the Liberal party was, by legitimate, mild and yet effective and sound methods, to add to the revenue of the country, so that with an abundant revenue it might have a strong hand to improve and develop the country. That is the only policy that a Government that respects itself will adopt. This is the method in all large enterprises where business men reach out and add to their wealth, as the more wealth they can command the more successful will they be in their business, whether in manufacturing, or in commerce, or shipping or whatever pursuit they may put their hand to. We have by the same process asked for revenues upon this and the other thing, and in every case the revenue for which we applied have been taken from a source which did not interfere with the ordinary business of the country, that did not touch the

pocket of the poor man or the laboring man ; but came from those who had accumulated considerable wealth, in fact whose accumulations of wealth represent perhaps, in some form or other, the earnings of hundreds or thousands of others, or the industry of hundreds or thousands of others, and for the taxing of which there is the strongest possible defence ; and those who were unwilling to support a taxation of that kind are unwilling to say that proper sources of revenue should be placed at the disposal of the Government.

Then, in 1899, we passed what was called the Supplementary Revenue Act. Since then we have received \$684,341.21 in the form of revenue. What was the nature of that tax ? A good deal like the other ; more a tax upon corporations than the other ; but a tax upon the wealth of this country for the benefit of the whole people. Our railways were taxed by this act ; our fire insurance companies, our banks, our loan companies—hon. gentlemen cannot point to a single industry that was taxed by the act of 1898 that could not bear that tax, and a great deal more. No person suffered in the remotest degree. No stockholder of a company, whether a railway or insurance company, got smaller dividends because of this tax. It was a small contribution of the wealth of these great corporations in return for the protection they receive from this House. It was a most reasonable tax, and yet I am sorry to say that history repeated itself in this House ; and that the action of my hon. friends with regard to the succession duties was their action in this case also. It was opposed at the second reading, and a six-months' hoist was moved. Mr. Foy and Mr. Whitney opposed it, and again the line between the two parties was clearly drawn, one party saying that the demands of the country are so great that if the Government is to be efficient it must have revenue ; the other saying that there was no public necessity for these charges upon the revenue ; we have money enough, sit down and economize, pare down a little here and there and jog along in the old style. This country wants no Government animated by such a spirit, and while the whole world is in motion to-day at a greater rate

of speed than ever before, shall it be said that the Province of Ontario is too feeble-minded and faint-hearted to apply itself to the task of resolutely keeping this Province to the front?

Complaint has been made that this tax upon insurance companies is a tax which affects the cost of insurance to all persons taking out policies on their lives or policies in fire companies. I have asked the Inspector of Insurance to look into the matter and report, and here is what he says:—

‘For example, at the passing of the Revenue Act the annual premium for an ordinary all life policy of \$1,000 issued at age 30 in the Canada Life was \$22.55. Now, if this policy premium were increased by the same percentage that the Ontario tax forms of the company's whole premium income the addition to the policy premium would not amount to even one cent; it would be only eight mills.’

Now the argument was that because of this tax the insurance rates would go up. Well, in answer to that here is the evidence of an expert on insurance matters who says that the tax on \$1,000 of insurance would be eight mills. Will hon. gentleman say that the Canada Life, or any other respectable company, would add those eight mills to their insurance fees? (Ministerial applause.)

Mr. WHITNEY: Why not increase the tax?

The PREMIER: Yes, we could afford to do it, but we do not need the money just now. (Ministerial applause.) We have been so careful of our resources that we do not need it. (Renewed applause.) Does the hon. gentlemen think that with \$1,500,000 of a cash surplus to our credit in the banks that we should be so fearful as to desire to add further taxes?

Mr. WHITNEY: Take off the tax altogether, then.

The PREMIER: We can find use for it if hon. gentlemen will kindly allow us to remain in office—(Ministerial laughter and applause)—and that would apply even if the House changed sides. In regard to fire insurance, our case is still stronger, for the additional rate will be found even less than on life insurance. That should be a complete answer to the complaint that the tax

would fall upon the people. True, a smaller amount may go to rest account ; the accumulations may not go on so rapidly, but that is not the only matter that should concern the public. Do these companies pay a reasonable dividend ? Are they so managed as to warrant the stockholders in the expectation that they will pay a reasonable dividend ? Does the action of the Government affect the profits heretofore earned to any appreciable extent ? The answer is that our interference does not so affect those companies. (Ministerial applause.) We say to those companies—give us of those accumulations a just percentage. You get charters and legislation from this Government. Officers are appointed to see that the public interests are protected so far as you are concerned ; the whole machinery of justice, criminal and civil, all that this Government controls and can do, is now and again invoked in order to protect your interests, and for that purpose and those services you have a right to contribute a reasonable proportion of your profits. (Ministerial applause.)

Besides these sources of income we have received—and this is an important fact which I want hon. gentlemen to notice—we have received as interest on investments since Confederation of \$3,814,588.18. (Ministerial applause.) Yet now and again we are told there is no surplus. (Laughter.) How can it be that we have had nearly \$4,000,000 of interest to our credit from time to time, and still there is no object to which it applies, no corpus from which it is drawn, no capital invested in any way ? (Ministerial applause.) I think these statements which I have presented to the House disposes of that contention for all time to come.

Having put ourselves in a fairly comfortable position, so far as revenue is concerned, the next duty of the Government is to see whether the funds placed at their disposal by the Dominion Government as part of the terms of Confederation, from the public domain, for that is the people's property, and from those various sources which I have mentioned, were wisely applied. Can we put ourselves back for a brief moment to 1871 ? Look-

ing over Ontario then, they, would find that there were but three or four railroads in the whole Province, and those very limited, so far as mileage went - 1,275 miles to be exact, but we might call it 1,300. Now we have 6,812 miles of railway in the Province. (Ministerial applause.) In other words, the railway mileage increased five-fold in 30 years, and we have aided 2,219 miles of that. I have asked hon. gentlemen to put themselves back to 1871, and to consider the great extent of the Province, 229,000 square miles, or 140,000,000 acres, and to say if transportation facilities were not needed? The people must get to the markets by highway or railway. Could we induce foreign capitalists to invest in railways and other transportation schemes unless we gave encouragement ourselves? Were we to allow our resources to remain dormant, and trust to the slow process of the sun to make this Province what we would like it to be, or were we to acquit ourselves like men and apply ourselves to those forms of development which would immediately contribute to the wealth of the country? The far-seeing government of 1871 argued in that way, and succeeding Governments argued in the same way. But the Government did more than argue; it applied itself to the task of developing those necessary transportation systems; and with what wonderful success those efforts have been attended! New Ontario in 1881 had only twelve miles of railway; in New Ontario to day there are 1,804 miles, which the Province aided to the extent of 607 miles. (Ministerial applause) So that we have now in Parry Sound and Muskoka, where there was not a mile 30 years ago, 184 miles of railway; in Algoma, 537 miles; Thunder Bay and Rainy River, 873 miles; Nipissing, 210 miles. The C. P. R. extends 1,297 miles in that country, leaving our portion 507 miles. That is in New Ontario alone. In all Ontario there are 6,812 miles and we aided, as I have said, in the construction of 2,219 miles of railway, and we expended on railway transactions \$10,058,942. Nor were we alone in our enterprise in that respect. It seems to have been the good fortune of the Ontario Government to carry the people with them in the most critical times of the Pro-

vince's history, at general elections or bye-elections. (Ministerial applause.) The municipalities were equal in enterprise ; in fact they were more liberal than we were with the railways, for they have aided them to the extent of \$12,296,164. (Renewed applause.) The enterprise of the Government no doubt stimulated local enterprise, so that to-day the Province of Ontario has within its boundaries these 6,812 miles of railway, one-third of which we aided to construct, and that one-third represents a distance as far as from here to the Pacific Coast (Ministerial applause.) Then our new district had to be opened up for settlement, and we applied ourselves to that task also, and opened colonization and mining roads 5,559 miles in length, at a cost of \$3,492,410.44. Have we had no results for this enterprise ? Take New Ontario alone as an example. In 1871 there were 6,919 persons in Muskoka and Parry Sound ; at the last census in 1901 there were 45,356. There were 1,791 persons in Nipissing in 1871 ; last year there were 36,532 ; in Algoma in 1871 there were 7,018 persons ; the last census showed a total of 63,669 in that district. Those northern districts had one member in this House ; now they have three, and are asking three or four more. They have increased in population from 15,728 to 145,577. (Ministerial applause.) Can we not fairly congratulate ourselves upon the outcome of this policy ? If there is any thing which makes a nation strong it is the increase of its own population. Men and women to the manor born, trained to our own institutions, will do much more to add to our wealth than will any of those whom we may bring from foreign lands ; at least until they are thoroughly naturalized.

We have the most abundant evidence that the policy was a wise one. I might mention that incorporated villages and towns have grown up in that country which were unknown thirty years ago. Gravenhurst has a population of 2,147 ; Bracebridge, 4,479 ; Huntsville, 2,152 ; Parry sound, 2,884 ; North Bay, 2,531 ; Sturgeon Falls, 1,418 ; Sudbury, 2,027 ; Sault Ste. Marie, 7,169 ; Port Arthur, 3,214 ; Fort William, 3,633 ; Rat Portage, 5,202. Others will grow up that will make

that country rival the older parts of Ontario in enterprise and wealth.

The next consideration which would naturally press itself on the attention of the Government, would be provision for the wants of its subjects, whose interests it was specially bound to protect. That brings me to consider the great necessity there was for the erection of public buildings in the Province of Ontario, a necessity in some respects imperative that could not be avoided; and unless by forethought there had been a wise husbanding of our resources, or means adopted for the increase of our revenue, the demand of the suffering portions of our population could not be met. In 1871 we had two asylums; now we have eight. On these we have spent \$4,407,546.66. We have three penal institutions - the Central Prison, Mercer Reformatory and the Penetanguishene Reformatory; in 1871 we had none, although the foundation had been laid for the Central Prison. We have spent on these three \$1,307,880.79. We have five educational institutions now. We had only the Toronto Normal School then; we have had normal schools established since then at London and Ottawa. The foundation of the Deaf and Dumb and the Blind Institutes was laid then, but they have grown very much since then. On educational institutions we have spent \$1,399,592.06. We have an agricultural college, two dairy schools and a pioneer farm, on which we have spent \$591,565.81. We have spent on buildings for the administration of justice—lock-ups, etc.—\$417,618.10. We have spent on the Parliament buildings, old and new, \$1,771,829.22. We have spent on public national parks \$89,993.53. So that on these public buildings we have spent altogether \$9,986,026.17. There is a phase of government enterprise which, I think, is worthy of every commendation. If there is any duty which lies nearer to a government than another it is the duty of caring for suffering humanity. That duty, I think, we have endeavored faithfully to discharge. But not only had we to erect buildings for the accommodation of the inmates of our asylums, and for other purposes, but they had to be maintained. It is rather an extra-

ordinary thing to say that since Confederation we have spent nearly half the entire revenue of the Province on these three items which I am going to mention, namely, administration of justice, maintenance of asylums and hospitals and education. On Justice we have spent \$10,796,784.78, and that reaches every corner of the land. We have had to meet the large increase of population in the northern districts, as it has grown from 15,728 to 145,577. We have had to build lock-ups and appoint officers everywhere in these remote districts as settlement advances. Then on asylums we have spent on maintenance alone \$19,426,-273.77, and we have given for hospitals and charities \$3,692,-361.30, and on education we have spent \$19,640,246.64. On these three services alone we have thus spent nearly half our total income, namely, \$53,555,666.49. Here is where the advantage of foresight comes in. Had we not anticipated the growth of the country by conserving our revenue and supplementing it from other sources, in what a pitiable position we would be to-day, with over 5,000 persons in our asylums ! But by wise foresight, by husbanding our resources, we were able to meet these demands upon the Treasury and maintain the government in a high state of efficiency. Under the head of Civil Government we have spent \$6,515,968.15 ; on Legislation, \$4,-322,772.19 ; on Elections, \$725,418.02 ; on the Northwest boundary dispute, \$76,631.11—and it was worth the money ; we got 100,000 square miles added to our territory as a result of that expenditure ; on consolidation of the statutes we spent \$230,665.73, and on the enforcement of the Scott Act \$45,445.81, a total of \$11,916.901.01.

I will not go into further detail as to the expenditures of the moneys placed at our disposal, except to say that besides these expenditures we refunded directly to the municipalities \$5,893,-448.78. So you have nearly the income of two years returned to the municipalities. Of course, nearly \$3,000,000 of that was the Municipal Loan Fund, while we loaned to the municipalities for drainage \$1,574,945.44, and we have at the present time a surplus of \$2,571,292.71, of which we have in cash \$1,468,492.99. (Loud Ministerial cheers.)

Now that is the result of thirty years' transactions, and happily the Province is not in debt ; for, although it may be alleged there is a debt, there are assets to meet every dollar of our obligation, and more, too. (Renewed cheers.)

Now, is that not a position upon which we can congratulate ourselves? I was going to go a little further, and say upon which we can fairly expect the congratulations of hon. gentlemen opposite. (Ministerial applause.) Of a revenue of \$113,000,000 which has gone through our hands and been applied as I have indicated, there has gone back directly nearly \$6,000,000 to municipalities, and \$1,500,000 in loans to municipalities for drainage, and yet we rounded up the first year of the new century with a million and a half of a cash surplus and no debt. (Ministerial applause.) Every other Province in the Dominion has a debt. The City of Toronto has a debt of \$15,000,000. That is a pretty substantial debt—(laughter)—and does not include other obligations of about \$5,000,000. If we had such a debt somebody would say that our management had been exceedingly disastrous. Quebec has been managed under conditions as favorable as those of this Province, yet Quebec has a debt of over \$22,000,000. Nova Scotia has \$2,713,302 of a debt and a population of about 500,000 ; New Brunswick has a debt of \$2,751,086, and not quite half a million population ; British Columbia, with about a quarter of a million of a population, has a debt of \$5,786,564. These comparisons help to bring out more clearly the effects of the financial administration of the Government. (Ministerial applause.)

I come now to the year's transaction. We estimated the receipts at \$3,795,872.80, but the cash receipts were better than that by \$640,511.01. We had a very comfortable financial year, our receipts being more than half a million more than we expected. We barely expected to pay our way, but we paid it, and a handsome margin remained. It may be said that the increase came entirely from Woods and Forests. So it did ; but if we get it from any legitimate source we must be thankful. (Ministerial applause.) Government must be exercised by the prin-

ciples of wisdom and prudence, and we did not sell virgin pine ; we only sold pine which had been partly burned over, and which would have been destroyed in another year or so if allowed to stand. The selling of that pine last year was thus a condition forced upon us by the circumstances of the case. We could have got along without it, and we would have done so. But, as I have said, our revenue was \$640,511 more than we had estimated.

MR. MATHESON—Why was the Dominion grant cut down by \$100,000?

THE PREMIER—The Dominion Government has a curious way of keeping an account. We are entitled to certain interest on trust funds, and liable to a charge on funds that we owe. Instead of giving us a check for interest on our particular funds, and so returning our check with interest on the fund we owe, they held back the interest on the funds they hold for us. It interferes with our bookkeeping ; it looks as if they did not want to trust us. I do not like it ; I have told them so.

MR. MATHESON—Hear, hear.

THE PREMIER—It was just as bad under the old Government as under this—(Ministerial applause)—in fact it was worse. (Renewed applause and laughter.) They held back \$250,000 from us at one time, and threatened at another time to keep back \$500,000. I would like a better way of bookkeeping.

Our estimated expenditure for the year was \$3,964,602.83, and our actual expenditure was \$3,797,639.84. We kept within the estimated expenditure by \$166,963.07. Hon. gentlemen will at least give us credit for conducting ourselves according to the proper rules of Parliamentary usages in that case. (Laughter and applause.) In this expenditure there were large sums which could hardly be counted as ordinary expenditures. We paid off the railway aid certificates, which are capital account, as they came due, and amounting to \$96,209.36 ; we paid on annuities \$102,900. We paid a new charge imposed on the revenue of \$25,281 for Toronto University. We paid to Quebec, as we are doing from year to year, her fair share of the School Fund,

\$9,706.91, and for drainage and tile debentures \$7,097.46, an addition to the ordinary expenditure of \$241,194.73. Then again there were extraordinary expenditures which had to be met. Some of these items were \$19,655.99 for the London infirmary, \$52,341.08 for Coburg Asylum, \$26,838.02 for the Agricultural College, \$10,328.04 for the London Normal School, and \$20,000, or thereabouts, on account of the Royal reception. And yet we came out with \$640,511 more in receipts than we expected and kept under the estimated expenditure by \$166,963.13. (Ministerial applause). We start this year with a cash balance of \$1,468,492.99, with an estimated revenue of \$4,075,872.80, and an estimated expenditure of \$4,004,228.32. Our expenditure, accordingly, will, we confidently expect, be again within the mark.

I would like to ask hon. gentlemen to look over the figures before them as to two or three items of the estimated expenditures, so that it may be possible to better understand them. We are asking \$285,040 under the head of civil government. That is \$4,000 more than last year, and is made up of small increases in salaries, very small indeed, and an addition of one officer in one of the public departments at a cost of \$1,200. We are asking the same amount for legislation that we asked last year. For the administration of justice we are asking about \$7,000 less than last year. That arises from some reductions made in the Department of Justice and in the Land Titles Office. For education we ask \$7,000 more, having added \$2,000 to the High School appropriation on account of the interests of new Ontario. This will go to the high school at Rat Portage, where there were no settlers twenty years ago; another at Fort William, another at North Bay or Bracebridge, and one at the Sault, besides \$2,000 more for libraries. These items aid to make the main part of the increase, and I think they will be assented to. For Public Institutions we are asking \$30,000 more, chiefly on account of the new institution at Cobourg. For Agriculture we are asking no increase, although in the Supplementary Estimates a small additional sum will be asked under this head, arising out of the

handsome gift of Sir William Macdonald of \$125,000—(applause)—for new buildings and departments at the Agricultural College. (Renewed applause.) The receipt of that gift will involve the purchase of a new site, involving an expenditure of about \$7,000 or \$8,000. For Hospitals and Charities and for Public Buildings the estimates are about the same as last year. Hon. gentlemen will find, in considering the estimates, that there is an increase of less than one per cent. as compared with the previous year. (Ministerial applause.) I am sure that all will agree that it is a moderate increase, and one that could not be avoided. There are other charges that must be met. We must go on with the new building for the School of Practical Science, and we purpose taking a vote of \$100,000 for that; the educational wants of the country must be met. (Ministerial applause.) We shall ask \$15,000 of a vote for Colonization Roads for the Temiscamingue country. This country must be opened up. These are exceptional charges, which must be met, if the country is to prosper, and I am sure that hon. gentlemen will agree that they are just and reasonable. Then we shall ask a vote of \$85,000 or \$86,000 for the expenses of the general election, and, judging by the remarks of hon. gentlemen opposite, we cannot expend that amount too soon. (Laughter and applause.)

Whatever hon. gentlemen may say, this policy of increases is forced upon us by the necessity of keeping the development of the country before our minds. Take the establishment of the Bureau of Mines, which is a charge under civil government. That is one of a number of items. Will any hon. gentleman say we did unwisely in establishing the Bureau of Mines? In fact we have been advised to appoint a Minister of Mines, and we could perhaps do no more popular thing in certain quarters than to appoint a Minister of Mines, and I am not prepared to say there would not be abundant work for such an official, for the mineral wealth of our northern districts is fabulous, and any ordinary expenditure that will secure the development of these resources is worthy of commendation. As one result we have

got our iron industry on its feet ; at least we have got it nicely started. For instance, in 1895 there was not a pound of iron ore raised or smelted in Ontario. The first blast furnace was established in the Province in 1896. In 1900, 90,302 tons of iron were smelted, and last year over 300,000 tons of Canadian ores. If anyone looks at the large mineral industries at Pittsburgh, in Michigan, or Spain, or Germany, or Belgium, one cannot help being impressed with the importance of directing the whole force of this country to the development of this industry. We are living in an iron age. Iron is in some respects more important than silver or gold. Our navy depends for its supremacy upon iron, and the whole transportation system hangs upon the cheapness of this commodity ; for public buildings and for structural purposes iron is a very important element ; and if we can find or produce in Ontario the thousands of tons of iron necessary for our railways, bridge work and for other structural purposes, not to say the quantity used in shipbuilding—and it is being used now—we will have given an impetus to one of the greatest industries—the industry which has made England industrially supreme for half a century—a supremacy which, I fear, she is losing because of the development of the iron industry in the United States. We are making progress in this industry. In 1900, with part American ore we produced 62,386 tons of pig-iron, valued at \$936,000. Last year we produced 120,000 tons, valued at \$1,750,000. There you have an industry which five years ago was unknown here, and which last year produced \$1,750,000 worth of pig-iron. (Applause.) Had we not investigated our mineral resources, had we not specialists for the purpose, it is barely possible that the attention of foreign capitalists and prospectors would be attracted here, and if we had only a little more money we could do more than we are doing. In fact there are prospects that the copper interests will occupy a very prominent position in a short time. Last year we voted aid for a railway from Bruce Mines to Rock Lake, which is now nearly completed, a distance of twelve miles. A shaft has been sunk some 400 feet into the rock, giving most promising indica-

tions of the value of the copper wealth of that district. That district has been examined by some of the best experts of the United States, and they say it is equal to the copper wealth of Houghton, Michigan, where the famous Calumet and Hecla copper mine is situated. There are also indications of large copper wealth in the neighborhood of Sudbury, in conjunction with nickel, and in some instances separated, and it may be that we will have to give our consideration before long to some means of providing for the smelting and fluxing of copper entirely within the Province of Ontario, and thus keep within ourselves that large industry.

The nickel industry is already a large one, giving employment to 1,500 men at Sudbury, while there has recently been established at Victoria Mines a nickel plant costing about \$800,000, and employing about 300 or 400 men. I mention this as indicating what could be done by a little enterprise and forethought.

In Colonization and Forestry there is another charge of \$5,300 on Civil Government. That cannot be disputed as being useful. For the improvement of our highways there is a charge of \$2,700, and as a result, we get better highways, and our County Councils are responding very heartily to the proposition of the Government to supplement municipal funds by grants made under the Act of last session for the improvement of highways. A remark has been made that that Act would merely set one municipality against another. Nothing, however, of that nature is likely to follow. Several counties have under consideration the propriety of availing themselves of the fund, and a few have gone so far as to have adopted by-laws whereby appropriations will be made out of the fund even this year.

Then we established an audit branch in connection with the Treasury Department. That means an expenditure of \$9,125. The result has been most satisfactory. We have the public accounts within eighteen days after the close of the financial year. We have the surest guarantee that the funds are properly expended, and there is such a check upon all the departments that we are satisfied that any man who investigates the public accounts

will find no money has been misapplied. In connection with the inspection of our public institutions, we expended \$17,950.00; for the Provincial Board of Health, \$8,050; the Insurance Branch \$8,550, and the Neglected Children's Branch, \$6,100. In connection with the latter I may say that since the branch was established we have found homes and shelters for about 2,000 children, who would have grown up in idleness or crime, and perhaps cost us a good deal more in our asylums or penal institutions.

These expenditures belong to the charges for Civil Government. Had we feared to incur the odium of hon. gentlemen opposite in making these charges there would not have been the same progressive methods adopted in regard to each department of the Government. It has been said to-day by a deputation representing the Toronto Public School Board that the expenditures of school corporations and municipal corporations have grown immensely in the last few years, and must continue to grow. I am not arguing in favor of large expenditures, but for an expenditure that will maintain the highest degree of public efficiency consistent with reasonable economy.

I will not go into details as to the cost of maintaining our asylums, lest I should weary the House; this will come up later, probably, when we are discussing the public accounts and estimates. I might show, if time would permit, that our asylums are economically managed compared with the asylums of other countries. In Agriculture we have made advances of a most pronounced character, and in comparison with other countries we occupy a position of proud pre-eminence. I am only sorry that the Government cannot meet many of the demands made upon us in this department for increased expenditure, although we have dealt very generously with our agricultural institutions in the last thirty years. In 1871 we spent \$54,074 for this Department; last year we spent \$209,858 or four times as much as in 1871. Now, the Agricultural Department is not criticized as severely as it was some years ago. I am very glad to know that that is the case. (Ministerial applause.) It has outlived that period of criticism which impressed the Government very much for a few

years. It is a department in which a large amount of money can be expended, and sometimes one fears that his judgment is not correct as to how it is expended. Take, for instance the matter of Farmers' Institutes. When their establishment was proposed it was thought that the money expended on them would not be a wise expenditure. It was said by some hon. gentlemen opposite and their friends that it was to be a political organization for the Government; that instead of conducting the meetings along agricultural lines they would be political schools, which the Government would use in order to entrench itself in power. That of course, has not proven to be the case, and Farmers' Institutes are now doing a splendid work for agriculture and are in great demand. A gentleman from the United States, Mr. W. L. Hutchinson, Director of Farmers' Institutes in Mississippi, who last year examined the workings of our Farmers' Institutes, said of them: - "I have heard a great deal about your system and about the way you conduct your institute work in this Province, and since I have attended the convention at Buffalo and heard the reports from the various States of the American Union I am firmly convinced that you have the best system for the management of Farmers' Institutes now in vogue on this continent." (Ministerial applause.) Mr. Hutchinson, after studying the details of the works, expressed his intention of adopting our ideas and establishing the work in Mississippi upon our plan. (Renewed Ministerial applause.) This is a very high compliment paid to the work of our Farmers' Institutes. It is also a fact that in regard to this work we get for our money far more than they do in similar lines. In 1899 we spent \$9,900 on 677 meetings, with an aggregate attendance of 119,402, whereas the State of New York spent \$20,000 on 300 meetings, with an attendance of 75,000, so that the work of our institutes cannot be said to be anything but efficient and economical. Writing of his visit to the Ontario Agricultural College, Prof. W. L. Amoss, Director of the Maryland Farmers' Institutes, said:—"I shall long entertain pleasant memories of my visit to Guelph. Dr. Mills'

institution is, I think, the best of the twelve I have visited in the United States and Canada for educating the farmer's son for the farm." Here is an expert who came to see how agricultural colleges were conducted, and he declares the one at Guelph to be the best he has seen. (Ministerial applause.) This is very high praise indeed as to the work of our Agricultural College. (Renewed applause.)

Now as to the projects of the year we are entering upon. We proposed last year to build a railway from North Bay to Temiskaming, and here I might remind the doubting Thomases that this Government keep their pledges. (Ministerial applause.) It was said last year that it would not be built, that we were flying a kite. Well, it is going to be built, all being well. (Renewed Ministerial applause.) We promised the House that we would make arrangements with subsidized railways for special rates for settlers and settlers' effects. We have completed arrangements with the Canadian Northern Railway for the transportation of settlers from Port Arthur to any part of that district for one cent a mile, and for half-freight rates for their effects. (Ministerial applause.) We think it is only a proper thing that a railway subsidized for opening up a country should give special facilities for the settlement of the country it opens up. (Renewed Ministerial applause.)

We also had legislation with regard to the development of the sugar-beet industry. There are already under way, and with strong indications of success, several factories for the manufacture of beet sugar. I believe the one at Berlin is practically assured. In regard to the one at Wallaceburg, the buildings are now nearly finished. There is another at Wiarton, it is proposed to build one at Galt, and there may be others in other parts of the country. (Ministerial applause.) If in all only two or three factories should be established we will have realized most satisfactory results for one year's efforts. (Renewed applause.)

I cannot emphasize too strongly the policy of the Government in this respect. It is to me an article of political faith that the

Government must endeavor to give employment to its own people by every possible means. (Ministerial applause.) We must keep our people at home, and, more than that, we must add to our population, through the Immigration Department at Ottawa and otherwise, as the necessities of the labor market require. We must make special efforts to have the waste places of the country filled up, and its raw material and products **must** be manufactured, so far as possible, in this country. (Ministerial applause.) The time for exporting sawlogs has gone; the time for exporting square timber ought to be gone—(applause)—and the sooner it is the better. (Renewed applause.) I would be delighted if our timber, instead of going out almost in the rough, went out in packing cases and furniture, or some other articles so complete as to be almost ready for use. This applies to our ores, to our minerals, to our hardwood, to our grain, to our hogs, as well as to our natural products. Our hogs should be made into bacon in this country; our milk should be made into butter and cheese in this country, and our wheat should go to the old country, not as wheat, but as flour. Not only would this process of manufacture mean the employment of men; it would mean the employment of capital. The employment of capital means the payment of wages; means the contentment of our industrial classes. It means a market for the producer, which is a most important thing for us to consider.

I do not say we can be a self-sustaining people within our own border. I think it is impossible, and I do not think that it is desirable to do so. There are certain things we can buy more cheaply than we can produce them. No nation that does not aim in certain matters at being self-sustaining can be great. No man that does not endeavor to feel that spirit of self-reliance which will enable him to go out and compete with his fellows will ever attain to anything. The Americans have become strong largely by that dominant strain which has permeated American legislation and commerce for the last thirty years, and they have become self-sustaining to a great extent; and the British navy has been dominated by the idea since Nelson's time that the

British navy is invincible. And so will we Canadians, by being imbued with the same spirit of manufacturing our own goods as far as we can, developing our own resources where we have the means, so will we become self-sustaining, applying ourselves with energy and tact to whatever comes to hand.

A factory means not merely the investment of capital ; it means the employment of intelligent men and women ; if you want intelligent labor you must maintain your educational institutions. Here is where I put in a plea for the public school, high school and university education as a basis of success in manufacturing. Germany has become a great industrial nation since the Napoleonic war of a century ago. She has developed her public school system, and has filled her high schools and her technical schools and her universities with men and women who had the foundation of elementary education. And so if we are going to add to our public school system a superstructure of technical education we must see that the system is strong at the bottom, and every industry that we establish we will find in the last analysis is dependent very greatly upon the intelligence promoted by the system of education. We spend more than \$800,000 annually on Education, not a dollar of which, I think, is wasted ; and if we are successful agriculturally, and have won many prizes at Buffalo and at Chicago, it is not owing altogether to the Agricultural College ; it is owing to the farmers having entered the College with a good education. The prosperity of the country, as well as the peace and well-being and moral order of the country, depend upon what we can do through our public schools, and while this Government is disposed to promote public industries, it will not do so at the expense of our common schools.

I have endeavored to give a retrospect of our financial position, and where we have found ourselves. I have endeavored to show that at every stage of the grand march of Liberalism in this country there was no drooping of the head, no want of confidence, no failure to grapple with whatever problem arose. The Government which I have the honor to lead have endeavored to follow in the footsteps of their predecessors

Our motto is to "build up Ontario," not simply the industries, the manufactures, not simply in settling the waste places, but to build it up educationally, agriculturally and in every other respect. Our motto is to keep Ontario in the first rank of the various Provinces of the Dominion, and to so apply the public moneys entrusted to us that there may be prosperity, as far as we can promote it, from the home of the humblest artisan to the manor house of the wealthiest citizen in this land: applause)—that where labor toils for its bare existence it may get its natural reward, and where the larger combinations of capital take large risks, reasonable security may be given for their success. There can be no ultimate success unless there is a general diffusion of wealth, unless there is the heartiest co-operation on the part of the Legislature with those who are endeavoring to promote the industries of the country. (Loud and prolonged Ministerial cheers.)

*ASSETS AND LIABILITIES OF THE PROVINCE OF ONTARIO,
DECEMBER 31ST, 1901.

ASSETS.

1.—DIRECT INVESTMENTS:

Drainage debentures.....	\$76,077 70	
Tile debenture coupons.....	99,204 81	
Municipal drainage assessments.....	20,043 04	
Sault Ste. Marie debentures.....	25,572 50	
		<hr/>
		220,898 05

2—FUNDS HELD BY THE DOMINION IN BEHALF
OF ONTARIO, UPON WHICH INTEREST
AT THE RATE OF FIVE PER CENT. PER
ANNUM HAS BEEN SETTLED AS PAY-
ABLE TO THE PROVINCE HALF-
YEARLY:—

U. C. Grammar School Fund	312,769 04	
U. C. Building Fund.	1,472,391 41	
Land Improvement Fund..	124,685 18	
Fund created under Act of 1884	2,848,289 52	
		<hr/>
		4,758,135 15

*On the basis fixed by the Royal Commission with respect to the Assets and Liabilities of the Province, adjusted to 31st December, 1900.

Common School Fund held by
the Dominion on behalf of
the Provinces of Ontario and
Quebec upon which interest
at the rate of five per cent.
per annum is payable, divis-
ible between the Provinces
in ratio of last decennial cen-

sus, 2,552,923 18

Upon basis of 1901 census, Ontario's share

being 1,454,362 19

6,212,497 34

3.—BANK BALANCES:—

Current Accounts 175,561 74

Special Accounts 1,292,931 25

1,468,492 99

\$7,901,888 38

LIABILITIES.

1.—Balance of Account current with the Dom-
inion from Confederation to date, including
Common School Fund and other Transfers,
capitalization of the Bounty of the Crown
under tribal treaties assumed by the Do-
minion, the capital having been apportioned
to the Provinces under various awards with
interest upon the said account current, and
including interest as between Ontario and
Quebec, as finally adjusted

\$1,815,848 89

2.—RAILWAY CERTIFICATES—PRESENT VALUE 1,688,691 64

ANNUITIES “ “ 1,822,099 17

3,510,790 81

3.—Common School Fund Collections by
Ontario, from 1st January, 1901, payable to
the Dominion, in trust for both Provinces..

9,193 18

Less Ontario's share upon basis of last census 5,237 21

3,955 97

Total 5,330,595 67

Surplus of Assets after deducting Liabilities \$2,571,292 71

RECEIPTS AND EXPENDITURE, 1901.

RECEIPTS.

	\$	c.	\$	c.
Balance in Banks Jan. 1st, 1901, Current account.....	209,147	54		
Special account.....	824,398	77		
			1,033,546	31
Subsidy.....	1,116,872	80		
Specific grant.....	80,000	00		
			1,196,872	80
Interest on Capital held, and Debts due by the Dominion to Ontario.....	\$142,414	48		
Interest on Investments.....	46,760	93		
			189,175	41
Crown Lands Department :—				
Crown Lands.....	\$52,081	25		
Rent <i>re</i> Crown Lands.....	73,657	42		
Clergy Lands.....	4,208	14		
Common School Lands.....	12,206	64		
Grammar School Lands.....	2,500	43		
University Lands.....	2,874	87		
Woods and Forests.....	1,479,847	35		
Mining Licenses.....	4,405	00		
Assay Fees.....	1,091	15		
Miscellaneous.....	1,852	17		
			1,634,724	42
Algoma Taxes.....	2,361	23		
Law Stamps.....	55,747	95		
Licenses.....	376,372	83		
Education Department.....	57,379	78		
Secretary's Department.....	88,157	09		
Fisheries Department.....	35,887	24		
Supplementary Revenue Act (62 and 63 Vic.)...	237,506	83		
Succession Duties.....	366,581	96		
Public Institutions Revenue :—				
Toronto Lunatic Asylum.....	39,440	40		
Mimico.....	7,406	68		
London.....	18,659	27		
Hamilton.....	13,904	30		
Kingston.....	4,374	61		
Brockville.....	5,915	71		
Orillia.....	5,002	27		
Reformatory for Females.....	1,780	13		
" Boys.....	601	25		
Blind Institute.....	349	99		
Deaf and Dumb Institute.....	301	14		
			97,735	75

Casual Revenue :—

Fines, etc	4,856	44	
Insurance Companies' Fees.....	19,041	26	
Loan Companies—Fees	9,369	50	
Public Officers' Surplus Fees	11,313	27	
Fees—Local Masters of Titles....	4,636	71	
Shooting Licenses, etc.	12,941	75	
Circus Licenses	2,760	00	
Official Gazette	8,868	93	
Private Bills	9,149	90	
Statutes, etc.	2,070	11	
County of York Land Titles' Office			
Expenses	1,164	13	
Refunds	293	33	
Incidentals	10	34	
Removal of patients to Asylums..	4,163	71	
Chinese Immigrants' Tax	1,550	00	
Escheated Estates	465	69	
			92,655 07
Drainage Works Assessment			5,225 45
			4,436,383 81
:Drainage Debentures			20,505 17
" (Tile)			9,135 22
Public Buildings Cap. Account (Refunds) ...			19 72
			4,466,043 92
Total Receipts			
Stationery Account, Excess of			
Distribution Over Purchase			7,737 25
			5,507,327 48

EXPENDITURE.

	\$	c.	\$	c.
Civil Government	281,135	68		
Legislation	134,138	84		
Administration of Justice	416,042	82		
Education	782,193	33		
Public Institutions Maintenance	833,163	97		
Immigration	4,825	00		
Agriculture	209,858	94		
Hospitals and Charities	192,280	65		
Repairs and Maintenance	91,681	32		
Public Buildings	194,607	99		
Public Works	60,847	51		

Colonization Roads	138,801	38
Charges Crown Lands	179,008	85
Refunds	24,314	60
Miscellaneous	254,738	88
	3,797,639	76
Drainage Debentures Purchased	4,997	46
“ “ (Tile) do	2,100	00
Railway Aid Certificates	96,209	36
Annuity	102,900	00
University of Toronto, 1 Edw. VII, Sec., 16, c. 41.	25,281	00
Common School Lands	9,706	91
Total Expenditure	4,038,834	49
Balance in Banks Dec. 31st, 1901 Current		
Account	175,561	74
Special	1,292,931	25
	1,468,492	99
	5,507,327	48

C. H. SPROULE,

Provincial Auditor.

ESTIMATED RECEIPTS, 1902, INCLUDING CASH BALANCES ON
HAND 31st DECEMBER, 1901.

Subsidy	\$1,196,872	80
Interest on Capital held, and debts due by the Dominion to Ontario	\$235,000	00
Interest on Investments	50,000	00
	285,000	00
CROWN LANDS DEPARTMENT:—		
Crown Lands	\$132,000	00
Clergy Lands	4,000	00
Common School Lands	12,000	00
Grammar School Lands	2,000	00
Woods and Forests	1,100,000	00
	1,250,000	00
PUBLIC INSTITUTIONS:—		
Toronto Lunatic Asylum	\$40,000	00
London “	18,000	00
Kingston “	4,000	00
Hamilton “	14,000	00
Mimico	7,000	00
Brockville	6,000	00

THE STATEMENT OF

Orillia	5,000 00	
Reformatory for Females.....	2,000 00	
" Boys	500 00	
Blind Institute	500 00	
Deaf and Dumb Institute.....	500 00	
		97,500 00
Education Department.....		55,000 00
Provincial Secretary's Department.....		80,000 00
Casual Revenue.....		100,000 00
Succession Duties.....		300,000 00
Supplementary Revenue Tax (62 and 63 Vic).....		235,000 00
Tavern and Brewers' Licenses.....		375,000 00
Law Stamps.....		55,000 00
Algoma Taxes.....		2,500 00
Fisheries		35,000 00
Assessment, Drainage Works		5,000 00
Removal of Patients		4,000 00
Total Estimated Receipts.....		4,075,872 80
Cash Balances 31st December, 1901.....		1,468,492 99
Total		<u>\$5,544,365 79</u>

ESTIMATED EXPENDITURE, 1902.

Civil Government.....	\$285,040 00
Legislation.....	133,100 00
Administration of Justice.....	448,581 94
Education	785,699 87
Public Institutions Maintenance.....	870,217 00
Immigration	4,825 00
Agriculture.....	212,176 00
Hospitals and Charities.....	187,755 69
Repairs and Maintenance	88,595 00
Public Buildings	288,637 00
Public Works	62,201 00
Colonization Roads.....	146,975 00
Charges Crown Lands.....	173,525 00
Refunds	22,566 62
Miscellaneous	294,333 20
	<u>\$4,004,228 32</u>

HON. G. W. ROSS.

Statement showing amounts payable annually for certificates issued by the Treasurer of the Province of Ontario for "Aid to Railways" and "Annuities."

Year.	Railway Aid Certificates.		Annuities.		Year.	Railway Aid Certificates.		Annuities.	
	\$	c.	\$	c.		\$	c.	\$	c.
					<i>Frd.</i>	1,759,967	88	2,160,900	00
1902	92,248	19	102,900	00	1923	83,365	22	102,900	00
1903	83,780	51	102,900	00	1924	83,365	22	96,200	00
1904	83,365	22	102,900	00	1925	83,365	22	82,500	00
1905	83,365	22	102,900	00	1926	83,365	22	69,350	00
1906	83,365	22	102,900	00	1927	83,365	22	56,950	00
1907	83,365	22	102,900	00	1928	83,365	22	50,700	00
1908	83,365	22	102,900	00	1929	83,365	22	50,700	00
1909	83,365	22	102,900	00	1930	82,665	62	50,700	00
1910	83,365	22	102,900	00	1931	79,167	62	43,700	00
1911	83,365	22	102,900	00	1932	72,171	62	32,700	00
1912	83,365	22	102,900	00	1933	69,373	22	28,700	00
1913	83,365	22	102,900	00	1934	67,274	42	28,700	00
1914	83,365	22	102,900	00	1935	55,381	22	24,700	00
1915	83,365	22	102,900	00	1936	49,342	69	16,700	00
1916	83,365	22	102,900	00	1937	38,712	48	9,200	00
1917	83,365	22	102,900	00	1938	35,214	48	2,850	00
1918	83,365	22	102,900	00	1939	30,375	03	
1919	83,365	22	102,900	00	1940	26,491	70	
1920	83,365	22	102,900	00	1941	12,196	43	
1921	83,365	22	102,900	00					
1922	83,365	22	102,900	00					
<i>Frd.</i>	1,759,967	88	2,160,900	00	<i>Totl</i>	2,961,890	95	2,908,150	00

NOTE.—Present value of Railway Certificates (interest $1\frac{1}{2}$ p. c. half yearly), \$1,688,691.64.
do do Annuities do $1\frac{1}{2}$ do 1,822,099.17.

PROVINCIAL AUDITOR'S OFFICE,
Toronto, January 15th, 1902.

C. H. SPOULE,
Provincial Auditor.

Government
Publications

